

51-102F3 Material Change Report [F]

Item 1 Name and Address of Company

Canada Rare Earth Corp.
15th Floor, 1040 West Georgia Street
Vancouver, BC V6E 4H1

Item 2 Date of Material Change

January 30, 2018

Item 3 News Release

The news release dated January 30, 2018 was disseminated through Canada Stockwatch and Market News under section 7.1 of National Instrument 51-102.

Item 4 Summary of Material Change

Please refer to attached news release.

Item 5 Full Description of Material Change

5.1 Full Description of Material Change

Please refer to attached news release.

5.2 Disclosure for Restructuring Transactions

N/A

Item 6 Reliance on subsection 7.1(2) or (3) of National Instrument 51-102

N/A

Item 7 Omitted Information

N/A

Item 8 Executive Officer

Tracy Moore, CEO, Canada Rare Earth Corp.

Item 9 Date of Report

January 30, 2018

**Canada Rare Earth Receives Strong Financial Commitment
from Talaxis through a \$1,500,000 Convertible Loan Facility**

January 30, 2018

Canada Rare Earth Corp. ("Canada Rare Earth" or the "Company") (TSX.V: LL) is pleased to announce that it has entered into a \$1,500,000 convertible loan facility with Talaxis Limited ("Talaxis" or the "Lender") as a component of the strategic business and financing arrangements with Talaxis announced on January 25, 2018.

Tracy A. Moore, Chief Executive Officer of Canada Rare Earth explained: "We are very pleased to announce that the Company has entered into a \$1,500,000 convertible loan financing with Talaxis (the "Loan"). The Loan is convertible into 19,666,667 shares of the Company over the next 12 and 24 months at prices averaging 7.6 cents per share and 9,000,000 warrants exercisable at a minimum of 10 cents per share. Management of Canada Rare Earth, over the past four years, has avoided issuing shares from treasury unless strong strategic reasons were evident and which would deliver shareholder value. With Talaxis we are definitely willing to issue shares because of our multi-faceted strategic business relationship. The arrangement will allow Canada Rare Earth to focus on what we do best: developing new sources of raw products, developing midstream processing facilities and customer relations. Talaxis is a perfect ally for us."

Terms of the loan facility are summarized as follows:

- \$800,000 is repayable by the Company 12 months from the date the funds are advanced (the "Advance Date") and \$700,000 is repayable by the Company 24 months from the Advance Date;
- The Lender may convert, in whole or in part, the Loan into units consisting of one common share plus one-half of a warrant (the "Units"), to the extent the Loan has not been repaid, as follows:
 - \$300,000 at \$0.05 per Unit within 12 months of the Advance Date resulting in the issuance of 6,000,000 shares and 3,000,000 warrants;
 - \$500,000 at \$0.075 per Unit within 12 months of the Advance Date resulting in the issuance of 6,666,667 shares and 3,333,333 warrants;
 - \$533,333 at \$0.10 per Unit within 24 months of the Advance Date resulting in the issuance of 5,333,330 shares and 2,666,667 warrants;
 - \$166,667 at \$0.10 per share within 24 months of the Advance Date resulting in the issuance of 1,666,670 shares and no warrants;
- Each full warrant is exercisable for 30 months from the Advance Date into one share of the Company at an exercise price of the greater of (i) 10 cents per share and (ii) the 10 day volume weighted adjusted price determined over the preceding 10 days less 15%; and
- Canada Rare Earth may, from time to time, prompt conversion by providing a 15-day notice to payout a minimum of \$500,000 before the due date(s). During this notice period, the Lender may exercise its conversion privilege(s).

The purpose of the Loan is for general working capital purposes. The Loan bears interest at 12% per annum payable semi-annually in arrears and no finder's fees are payable regarding the Loan.

Peter Shearing, Chief Executive Officer of Canada Rare Earth, commented: "We are pleased to see Talaxis make a strong financial commitment to Canada Rare Earth with the prospect of becoming a major shareholder in our Company. We see this as a very significant indication of their confidence in our business relationship and our ability to realize the strategic goal to be a leading global rare earth provider. This financing allows Canada Rare Earth and Talaxis to accelerate the integration and implementation of our strategy to form a joint rare earth supply chain."

About Canada Rare Earth Corp.

Canada Rare Earth is developing an international integrated business within the global rare earth industry. Our immediate key focus is to generate revenues and positive cash flow from a variety of profit centres in the rare earth production and sales chain by sourcing, adding value and selling rare earths in all stages and forms. We are in the process of establishing our own mining, concentrating and refinery capabilities in addition to working with affiliated and third party organizations.

About Talaxis Limited

Talaxis, a company wholly owned by Noble Group, is involved in the investment and development of resources which are critical to green technology supply chains, including cobalt, lithium, and rare earths. Talaxis is also involved in the research and development of industrial applications related to energy solutions providers and permanent magnets consumers. Noble Group (SGX: CGP) manages a portfolio of supply chains covering a range of industrial and energy products. Noble facilitates the marketing, processing, financing and transportation of essential raw materials. For more information please visit www.thisisnoble.com.

On behalf of the Board

Tracy A. Moore, CEO and Peter Shearing, COO

"Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release." The information contained herein contains "forward-looking statements" within the meaning of applicable securities legislation. Forward-looking statements relate to information that is based on assumptions of management, forecasts of future results, and estimates of amounts not yet determinable. Any statements that express predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance are not statements of historical fact and may be "forward-looking statements." Forward-looking statements are subject to a variety of risks and uncertainties that could cause actual events or results to differ from those reflected in the forward-looking statements. Investors are cautioned against attributing undue certainty to forward-looking statements. These forward-looking statements are made as of the date hereof and the Company does not assume any obligation to update or revise them to reflect new events or circumstances. Actual events or results could differ materially from the Company's expectations or projections. No assurance that the funding to purchase the Purchase Shares will be raised on reasonable terms or at all and there is no assurance that the permits will be issued in a timely manner or at all."

For more information on the Company, interested parties should review the Company's filings that are available at www.sedar.com.

FOR FURTHER INFORMATION PLEASE CONTACT:

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